

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

Caption in Compliance with D.N.J. LBR 9004-2(c)

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Master Trust, Post-Confirmation Debtor*

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In Re:

**AFFILIATED PHYSICIANS AND
EMPLOYERS MASTER TRUST d/b/a
MEMBERS HEALTH PLAN NJ,**

Debtor.

Chapter 11

Hon. Michael B. Kaplan

Case No. 21-14286(MBK)

AMENDED MEMBER ASSESSMENT COLLECTION STATUS REPORT

The Affiliated Physicians and Employers Master Trust d/b/a Members Health Plan NJ (“APEMT”) filed its Chapter 11, Subchapter V Petition on May 24, 2021 (the “Petition Date”). On May 25, 2021, Brian W. Hofmeister, Esq. was appointed as Subchapter V Trustee (“Subchapter V Trustee”) by the Office of the United States Trustee. APEMT’s small business subchapter V plan (the “Plan”) was confirmed by order entered, March 21, 2022 (the “Confirmation Order”).

Pursuant to the Confirmation Order, APEMT is required to file this status report on the member assessment collection efforts. Since APEMT has been working closely and cooperatively with the Subchapter V Trustee, much of this information can be found in the report by the Subchapter V Trustee.

As the Court is aware, at the time of the Chapter 11 filing, APEMT provided health insurance coverage for a large number of employer/members and their employees. APEMT is a

self-funded, multi-employer welfare arrangement (“MEWA”), pursuant to applicable law. Aetna serves as the third-party claim administrator for APEMT.

The wind down process pursuant to the Plan has moved forward deliberately and productively. One of the immediate goals of the wind down was to fund the outstanding health claims using member assessments.

Claims

On or about July 13, 2021, Aetna began “pending”¹ claims submitted by service providers. At its highest point, on September 8, 2021, Aetna reflected 44,229² open claims (unadjudicated, “pended” claims) with billed charges (unadjudicated amounts submitted by service providers) in the amount of \$103,092,901.00.

Since July 13, 2021, APEMT has funded \$26,215,100.32 in medical and prescription payments to Aetna. As a result of APEMT’s substantial efforts and funding during this case, Aetna’s pended claims have been reduced to only 950, with billed (unadjudicated) charges totaling \$16,652,310.56. It is projected that APEMT will be responsible for only 20% - 25% of the total billed charges, or \$3.3 to \$4.1 million.

Assessment

Pursuant to the Plan, the source of funding to pay down the claims comes from the member assessment. In August of 2021, APEMT issued an assessment to its members pursuant to the applicable MEWA statute. APEMT billed 4,049 members their proportional share of a total assessment of \$24,679,933.99. Since that time, APEMT has collected \$17,345,766.47. Beginning on or about of February 15, 2022, APEMT, through its collection professionals at SM Law, PC

¹ Prepetition, Aetna would immediately “adjudicate” and pay allowed portions of claims submitted by service providers. Thereafter, Aetna would request reimbursement (or funding) from APEMT in the amount actually paid to service providers after the claim was adjudicated.

² This amended report was required to correct this number from 442,296.

(“SM Law”), issued letters to approximately 1,600 members who had yet to pay their assessment. Those initial collection efforts resulted in the collection of over \$1.7 million. As of this report, approximately 66% of the assessed members (2,676 of 4,049) paid their assessment, leaving approximately \$7.3 million in assessments left to be collected. In a matter of days, APEMT, through its collection professionals at SM Law, will begin filing lawsuits in state court to recover the remaining assessments. Pursuant to the MEWA statute, APEMT will seek to recover from the delinquent members the contingency fees that will be due SM Law for its collection efforts.

APEMT will continue to use the assessments collected to pay medical and prescription claims, on a first in, first out basis. Thereafter, APEMT will satisfy its remaining obligations consistent with its confirmed Plan, the Confirmation Order, and the applicable provisions of the MEWA statute.

Respectfully submitted,

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Master Trust, Post-Confirmation Debtor*

By: /s/ Donald W. Clarke
Dated: June 23, 2022
DONALD W. CLARKE